

Healthy Solutions for Colorado
Colorado State Association of Health Underwriters
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A) Comprehensiveness

1) What problem does this proposal address?

Our proposal will address cost and access to health care coverage including financing for Medicaid eligible and 'Low Wage Workers'. In addition we will also recommend solutions in coverage benefit designs, provider payment models and reducing administrative barriers to coverage.

2) What are the objectives of your proposal?

To improve and expand access to quality health care coverage for all Coloradans through private market solutions. Also, to identify each segment of our society and system that requires change and to recommend the necessary improvements.

B) General

1) Please describe your proposal in detail

Our proposal is a comprehensive proposal that will identify the leading cost drivers of health care and health care coverage. It will also make recommendations on how to address these cost drivers. We will establish recommendations for reform along with identifying measures of reform. We will also suggest comprehensive steps to address the uninsured, Medicaid and CHP+ programs. We will recommend the creation of limited benefit programs along with a subsidy program and financing suggestions. Our proposal recommends the establishment of a uniform pricing model and explores the creation of a small group reinsurance pool as well.

2) Who will benefit from this proposal?

All Coloradans should benefit from our proposal.

Who will be negatively affected by this proposal?

Some potential exists for hospitals and insurance companies to experience some reduction in revenue or profits.

3) How will your proposal impact distinct populations?

This proposal deals primarily with the problem of insuring the uninsured population of Colorado. Our proposal impacts three distinct populations. Statistics show that nearly 25% of the uninsured population is eligible for a state assisted health coverage plan but is not currently enrolled. That group will be impacted through availability of the Colorado Health Plan Connector and through increased state sponsored outreach. A second group, of low income uninsured residents makes up about 50% of the uninsured population according to a study of the Colorado uninsured population conducted by the Colorado Health Institute. This population would be served through institution of an affordable, guaranteed issue Core Limited Benefit Plan and the implementation of sliding-scale premium subsidies. A third group which we refer to as the “voluntarily uninsured” represents another 25% of the uninsured population. This group, also referred to as “free-riders” would be compelled to purchase at least basic health insurance coverage that would assure that in most case when they are receive health care, that providers would be compensated

4) Please provide any evidence regarding the success or failure of your approach.

Portions of this approach are being tried in various states; however, it is too soon to measure their success or failure.

5) How will the program included in the proposal be governed and administered?

Appropriate laws and regulations would have to be created to impose an individual mandate on all Colorado residents and to enforce penalties for non-compliance.

6) To the best of your knowledge, will any federal or state laws or regulations need to be changed to implement this proposal?

State insurance regulations limited employer financial support of individual medical plans would have to be changed or eliminated. Ultimately federal tax law should be changed to allow an income tax deduction for the premiums paid by individuals form their health insurance coverage.

7) How will your program be implemented? How will your proposal transition from the current system to the proposed program? Over what time period?

Several years.

C) Access

1) Does this proposal expand access?

Yes. It would expand access by increasing Medicaid reimbursement levels which would encourage more doctors to accept Medicaid. In most cases, access is limited primarily by affordability. People without the means to pay for health care often avoid seeking care until their problem becomes acute, then requiring more expensive care. By mandating a Core Limited Benefit Plan that assures almost all Colorado residents have at least a minimum basic level of coverage, more Coloradans will access the care they need when they need it.

2) How will the program affect safety net providers?

Safety-net providers will benefit by experiencing less uncompensated care since all Colorado residents will be mandated to carry a minimum Limited Core Benefit Plan.

D) Coverage

1) Does the proposal “expand health care coverage”?

Yes. By imposing an individual mandate, providing premium subsidies for low income residents and creating an affordable, guaranteed issue, Core Limited Benefit Plan, this proposal expands health care coverage to almost all Colorado residents and reduces the number of uninsured Coloradans.

2) How will outreach and enrollment be conducted?

The Colorado Health Insurance Connector would be an internet based system that would provide information to consumers about the state supported plans for which they may be eligible as well as private health insurance options. The Connector would make available the services of qualified health insurance brokers to those consumers who desired interactive, personal and expert advice in choosing the plan that best suits their needs. Members of the Colorado State Association of Health Underwriters who wished to participate in the Connector program would undergo a rigorous training program to familiarize themselves with all aspects of state supported plans such as Medicaid and CHP+ as well as the Connector and any state sponsored subsidy programs for which applicants might be eligible.

3) If applicable, how does your proposal define “resident?”

Resident should be defined as a matter of law by the state of Colorado in order to facilitate the implementation of this and other proposals that deal with the general population of the state.

E) Affordability

1) If applicable, what will enrollee and/or employer premium-sharing requirements be?

Our proposal does not include an employer mandate; however we would expect that many employers will choose to support the Limited Core Benefit Plan by contributing to the cost. The sharing of premium would be open to negotiation between employer and employees but should be structured on a non-discriminatory basis. Employers who contribute to their employees premiums should be allow to set up Section 125 pre-tax premium plans and to receive appropriate state tax benefits for their contributions.

2) How will co-payments and other cost-sharing be structured?

Exact benefits of the Limited Core Benefits Plan will only be available after consultation with the Colorado Division of Insurance and appropriate actuarial input to formulate pricing of the plan.

F) Portability

1) Please describe any provisions for assuring that individuals maintain access to coverage even as life circumstances and health status change.

Our proposal calls for the institution of a Limited Core Benefit Plan that would provide a level of basic healthcare benefits to all Colorado Residents. This plan would be offered on a guaranteed issue basis and could not be cancelled for health reasons. Through use of an individual mandate, Colorado residents who can afford to pay for health coverage would be compelled to do so through the purchase of at least the Limited Core Benefit Plan. However, Colorado residents below 250% of FPL could qualify for subsidies that would cover part of their premium. These subsidies would be available to individuals whose economic circumstance have deteriorated and can no longer afford to pay premiums.

G) Benefits

1) Please describe how and why you believe the benefits under your proposal are adequate, have appropriate limitations and address distinct populations.

Our proposal calls for the institution of a Limited Core Benefit Plan that would provide a level of basic healthcare benefits available to all Colorado residents. All health insurance carriers doing business in Colorado would be required to offer this plan on a guaranteed issue basis at standardized, modified community rate pricing to any applicant. This approach, tied to our proposed individual mandate, and subsidy for Colorado residents whose income is at 250% of FPL or less, would serve all Coloradans. Specific benefits of the Limited Core Benefit Plan would only be finalized after appropriate consultation with the Division of Insurance.

2) Please identify an existing Colorado benefit package that is similar to the one you are proposing and describe any differences between the existing benefit package and your benefit package.

We are proposing that Colorado implement a standardized, guaranteed issue Limited Core Benefit Program. Limited benefit plans are currently available to employer sponsored groups through a variety of carriers; however, we recommend that the exact design of the plan be arrived at only after consultation with the Division of Insurance. Pricing of such a plan would need to be formulated only after proper actuarial studies.

H) Quality

1) How will quality be defined, measured and improved?

Our proposal would tie all reimbursement schedules to one common basis. We believe that using the Medicare Reimbursement Schedule as the basis for all third party reimbursements would provide a uniform pricing model that could then be adjusted based on measurable quality benchmarks. Providers willing to sign a contract with a particular carrier would agree to quality, transparency and outcome guidelines that could result in a grading of reimbursements based on attaining Average, Above Average or Superior Quality .

2) How, if at all, will quality of care be improved?

Our proposal supports quality of care improvements in two ways. First, through the implementation of a uniform schedule for healthcare services with compensation levels to providers tied to outcomes, providers will have an incentive to deliver the highest quality care to their patients. Second, we propose that the State of Colorado support the creation and development of internet and print based tools that will allow consumers to compare cost and quality of health care providers. These tools are already becoming available and our support can hasten their entry into mainstream use. When consumers are enabled to compare cost and quality of health care providers, pressure for quality improvement will result.

I) Efficiency

1) Does your proposal decrease or contain health care costs? How?

By linking provider reimbursements to quality of care, reducing the number of uninsured, providing guaranteed access to preventive care and wellness services this proposal would contain health care costs by enabling people to seek the care that they need in a timely manner and by supporting their ability to locate the highest quality care available to them in their locale.

2) To what extent does your proposal use incentives for provider, consumers, plan or others to reward behavior that minimizes costs and maximizes access and quality in the health care services?

Our proposal will recommend rewarding providers for quality of outcomes and higher reimbursement for providing services to lower income individuals. We will reward healthy life styles with reduced premiums.

J) Consumer choice and empowerment

1) Does your proposal address consumer choice? If so, how?

All Colorado health insurers and HMOs would be required to participate in this program, thus allowing a choice of HMO, PPO or Indemnity plans according to their needs. In addition to the limited benefit guaranteed plan design that would be available to all Colorado residents, additional, expanded and medical underwritten options would be available.

2) How, if at all, would your proposal help consumers to be more informed about and better equipped to engage in health care decisions?

For consumers to become informed, two components must be present. Information must be readily available and consumers must take the initiative to seek out and consider that information. Creation of a Colorado Health Plan Connector will assure that information on private health insurance options and governmental programs for which consumers may be eligible will be available. By engaging the professional health insurance brokerage community to participate in the Connector program, consumers will have access to expert advice regarding the health insurance options that best meet their needs and budget. The institution of an individual mandate that requires residents to purchase healthcare insurance creates an incentive for consumers to seek out and consider information that will help them make better purchasing decisions. Our proposal supports improving and if necessary, subsidizing the creation of cost and quality transparency tools that will give consumers better access to information that will allow them to make better informed decisions about their medical care.

K) Wellness and Prevention

1) How does your proposal address wellness and prevention?

By providing a guaranteed level of basic and preventive healthcare coverage by policies that are guaranteed available to all Colorado residents; this program improves access to wellness and prevention programs to all Coloradoans.

L) Sustainability

1) How is your proposal sustainable over the long term?

By engaging the participation and support of governments, Colorado residents, insurers and healthcare providers, this proposal creates a broad base of sustainable support.

2) How much do you estimate this proposal will cost/save?

Estimates are not available at this time.

3) Who will pay for any new costs under your proposal?

A new tax should be enacted to support the costs of this proposal that is not covered by participant premiums.

4) How will distribution of costs for individuals, employees, employers, government or others be affected by this proposal? Will each experience increased or decreased costs?

Due to the elimination of “free-riders” in the system, and a reduction in cost shifting, many individuals should see their premium costs reduce under this proposal.

Government costs will increase as the result of providing subsidies to low income Colorado residents. Those Colorado residents who have been previously “irresponsibly uninsured” will be compelled to purchase coverage under this proposal and will see and increase in their costs.

5) Are there new mandates that put specific requirements on payers in your proposal? Are any existing mandates on payers eliminated under your proposal?

We propose that all state mandates be re-examined and that any mandate that affects less than 1% of the insured population, but contributes more than 1% to the cost of coverage be removed.

6) How will your proposal impact cost shifting?

Cost shifting will be reduced by establishing a uniform pricing model and increasing Medicaid reimbursement levels. Also, by insuring almost all Colorado residents, the amount of uncompensated care would be reduced as well.

7) Are new public funds required for your proposal?

Although some funds currently allocated for uncompensated hospital care could be diverted to support this proposal, new sources of funds would be needed.

8) If your proposal requires new public funds, what will be the source of these new funds?

We would propose a Nutrition Sales Tax on all consumable food items that have little or no nutritional value. The exact amount of this tax could be determined by studies of the revenue required and the sales of these items in Colorado.

Solutions for a Healthy Colorado

The goal of the Colorado State Association of Health Underwriters in this outline is to identify the major issues that exist within our current system of health care coverage and access to coverage, then to propose a comprehensive plan through private market solutions to these problems. We contend that the main issue is not *access* to health care, but *affordability* of health care and therefore health care coverage.

We will outline recommendations for reform and identify the major indicators of reform. Our proposal will also identify the major cost drivers of health care and therefore health care coverage. We will make recommendations on several key issues, including:

- The Uninsured
- Medicaid and the CHP+ Program
- A Subsidy Program
- Benefit plan Designs
- Reinsurance
- A Uniform Pricing Model

We believe that any proposal for reform must be comprehensive. CSAHU believes that health care coverage and related market reforms need to build on the best aspects of our current health care system and encourage the creative power of a competitively driven marketplace.